



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JANUARY 11, 2000

Changes To Farm Policy Urged. Considering the poor condition of the agricultural economy, many producers are questioning the direction of future policy. The call for Government action came through clearly at the latest meeting of the American Farm Bureau Federation (AFBF). Dean Kleckner, AFBF President, expressed gratitude for the Federal emergency assistance that would "help us keep our farms for another year," but he reminded farmers not to expect this support whenever there is a problem. Over the past 2 years, Congress has appropriated more than \$15 billion to relieve farmers of low prices caused by a global oversupply of grain and weak foreign demand. Many believe further farm assistance of several billion dollars is likely this year. The current "Freedom To Farm" legislation, created in 1996 and due to expire in 2002, allows producers planting flexibility and the ability to respond to market opportunities, relying less on Government programs such as annual set-asides and acreage bases as a way of controlling supply and raising prices. Such flexibility, however, comes with a greater financial risk. "The current farm bill doesn't work," according to Senator Byron Dorgan (D-ND). Although unable to reach a consensus among Democrats for possible alternatives, Sen. Dorgan remained confident that a third emergency package will be approved if the bill is not changed. Any changes to the farm bill will likely come through the Senate Agriculture Committee headed by Chairman, Senator Richard Lugar (R-IN). But, according to a spokeswoman for the Committee, instead of reconsidering the current farm bill, Sen. Lugar will concentrate on improving risk management options for farmers and expanding agricultural markets. The likelihood of any changes will be further complicated by time constraints of fall elections. "I am not going to suggest in a presidential election year you are going to see much change in farm policy," stated Sen. Larry Craig (R-ID). Instead, he indicated that the Senate would work toward crop insurance reforms and exempting agriculture from unilateral trade restraints. Representative Charles Stenholm (D-TX), Democratic leader of the House Agriculture Committee, agreed, stating that lawmakers may use this time to develop farm program ideas. (*Reuters 8/7, 8/10, Bridge News 8/7, USDA*)

Class I Railroads Concerned Over Proposed BNSF/CN Merger. The proposed merger of the Burlington Northern and Santa Fe Railway (BNSF) and the Canadian National Railway (CN) has gained the attention of four other Class I Railroads. Rail executives Robert Ritchie (Canadian Pacific Railway), John Snow (CSX Transportation), David Goode (Norfolk Southern Corporation), and Dick Davidson (Union Pacific Corporation), recently sponsored a letter in several major newspapers describing their "serious concerns with the potential impact of the BNSF/CN merger on the future structure of the rail industry." Such a merger would create a transcontinental rail link between Halifax, Nova Scotia, and major Pacific Coast and Gulf ports. The four other Class I rail lines, all involved in recent mergers, are concerned that any further consolidations would begin a new level of mergers at a time when current consolidations have not been fully tested or given time for proven optimal service. The last round of mergers began with the August, 1995 merger of the Burlington Northern and Santa Fe, and the most recent being the merger of Canadian National and Illinois Central (CN/IC) in May, 1999. In the letter, CP, CSX, NS, and UP executives state that "fewer railroads....should allow us to provide more reliable seamless interline service," but that "it is now time for the railroads to concentrate on existing opportunities to improve service rather than on further consolidation." They ask shippers to give their opinions to the Surface Transportation Board (STB) in Washington, DC. STB Chairman, Linda Morgan, welcomed all input, stating that the merger places the industry "at the crossroads" that will determine its future, and not just the future of the two railroads. Since the proposed BNSF/CN will be headquartered in Canada, final approval for the merger must be provided by both U.S. and Canadian regulators. (*Washington Post 1/11, Journal of Commerce 1/11, USDA, STB*)

CSX, NS Work Toward Smoother Operation. Operating expanded service since June, 1999, the CSX and Norfolk Southern (NS) railroads continue to work toward providing optimal service. Since sharing the acquisition of Conrail with NS, CSX has had to deal with many customer service problems. NS also admits that there were some mistakes in integrating the two lines with Conrail. "It wasn't as simple as 'You take this track. I take that track,'" according to NS spokesman, Frank Brown. "...the flow of trains changed in some ways that could not be anticipated." One CSX spokesman blamed some of the problems on damage caused by Hurricane Floyd, as well as a strong economy which demanded increased rail shipments. Some industry experts, however, believe that computer problems and bad planning are to blame. Both CSX and NS remain hopeful, with CSX adding new locomotives and concentrating personnel at backlogged areas in the north, while NS plans to devote \$747.2 million for capital improvements this year. Of the merger, one analyst stated, "...it probably will continue to be painful, but it really needed to happen." (*Florida Times-Union 1/9, Reuters 1/10, csx.com, nscorp.com*)

Report is prepared by Karl Hacker and Chambre' Malone, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to GTR@usda.gov.

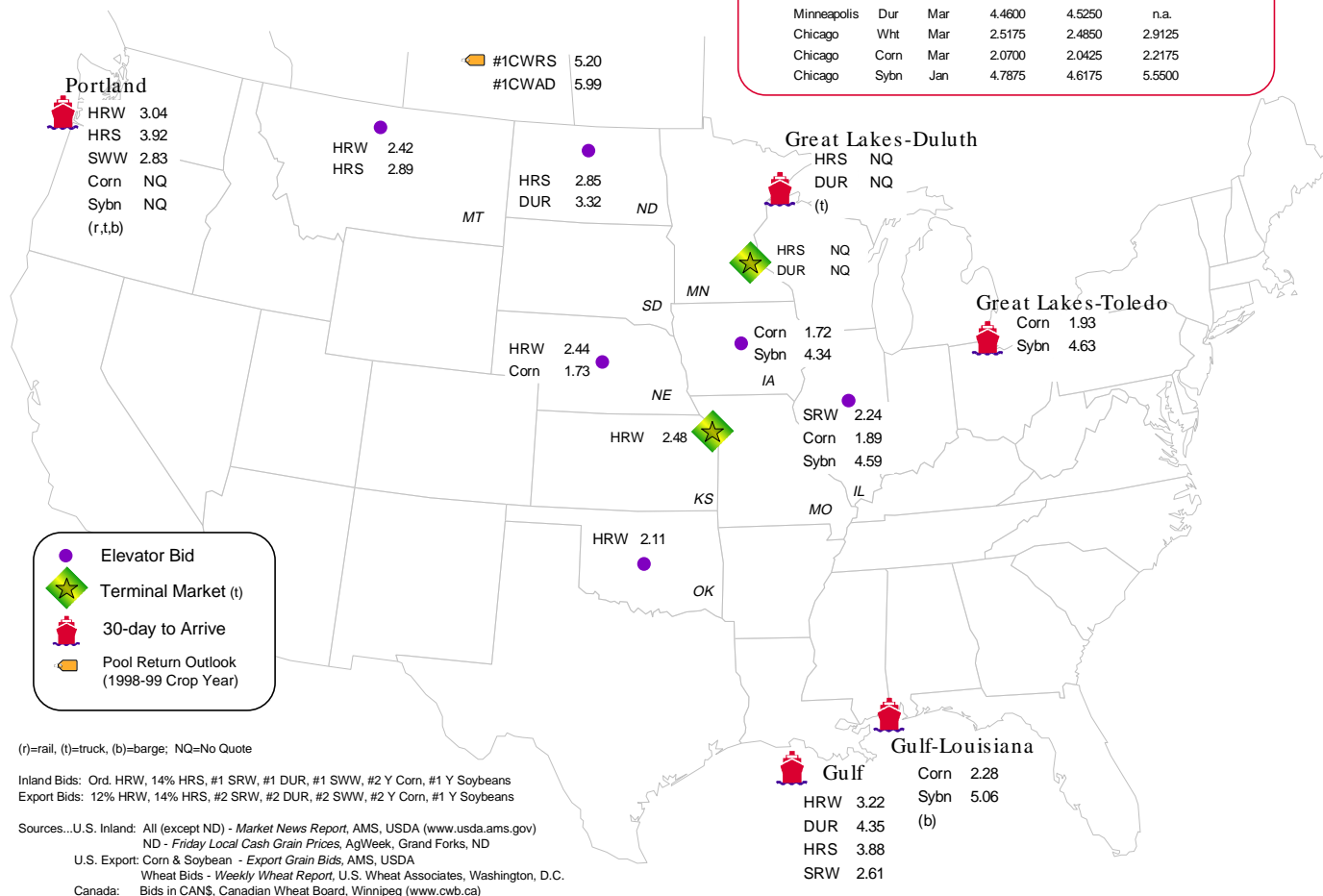
The United States Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation and marital or family status. (Not all prohibited bases apply to all programs). Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact the USDA's TARGET Center at (202)720-2600. To file a complaint, write USDA, Director of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC, 20250-9419, or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

Grain Bid Summary



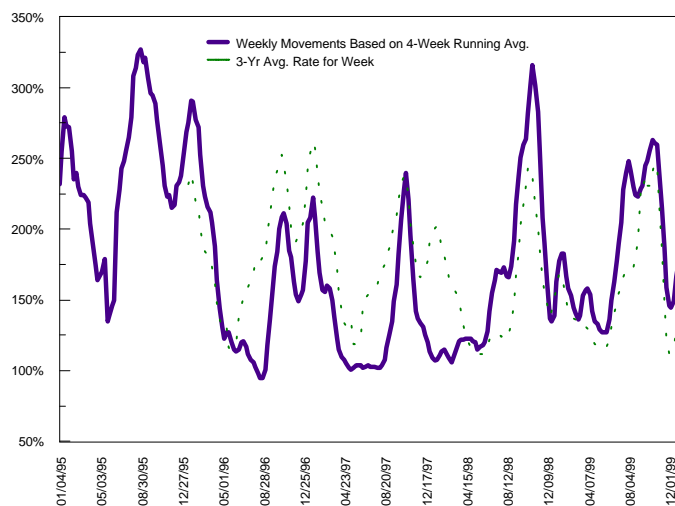
Futures:

			01/07/00	Week Ago 12/30/99	Year Ago 01/08/99
Kansas City	Wht	Mar	2.7775	2.7625	3.2575
Minneapolis	Wht	Mar	3.1750	3.1800	3.6550
Minneapolis	Dur	Mar	4.4600	4.5250	n.a.
Chicago	Wht	Mar	2.5175	2.4850	2.9125
Chicago	Corn	Mar	2.0700	2.0425	2.2175
Chicago	Sybn	Jan	4.7875	4.6175	5.5500

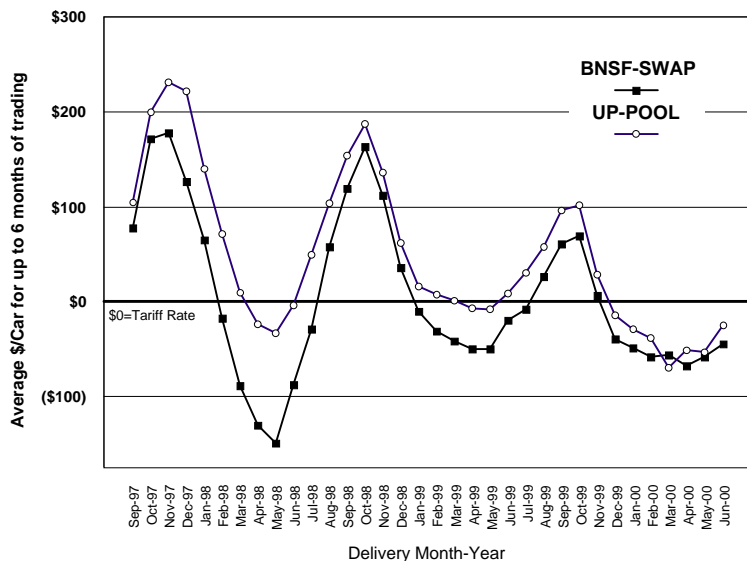


Spot Barge Rate - Illinois River

Index - Percent of Tariff Rate



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Jan-00		Mar-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	12,000	17%	12,000	8%
UP-GCAS	5,400	0%	5,400	0%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Jan-00	Feb-00	Mar-00	Apr-00
BNSF-GF	\$(12)	\$(48)	\$(60)	\$(57)
UP-Pool	\$(6)	\$(18)	\$(27)	\$(36)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Jan-00	Feb-00	Mar-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values**

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
1/7/00	Illinois River	twk	175*
		Feb.	170*
	St. Louis	twk	150
		nwk	145*
	Memphis-Cairo	Feb.	135
		twk	140*

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

Southbound Barge Freight Spot Rates

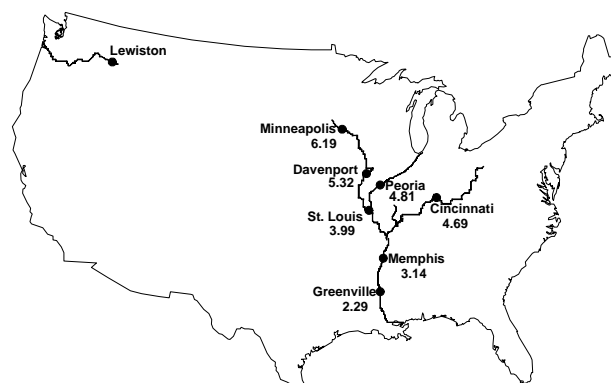
	1/5/00	12/29/99	Jan. '00	Mar. '00
Twin Cities	nq	nq	nq	195
Mid-Mississippi	nq	nq	nq	170
Illinois River	167	176	168	152
St. Louis	129	135	130	124
Lower Ohio	139	141	132	126
Cairo-Memphis	120	121	121	117

Source: Transportation & Marketing /AMS/USDA
nq=no quote

twk=this week

nwk=next week

(*) percentage for bid rates, no trades available

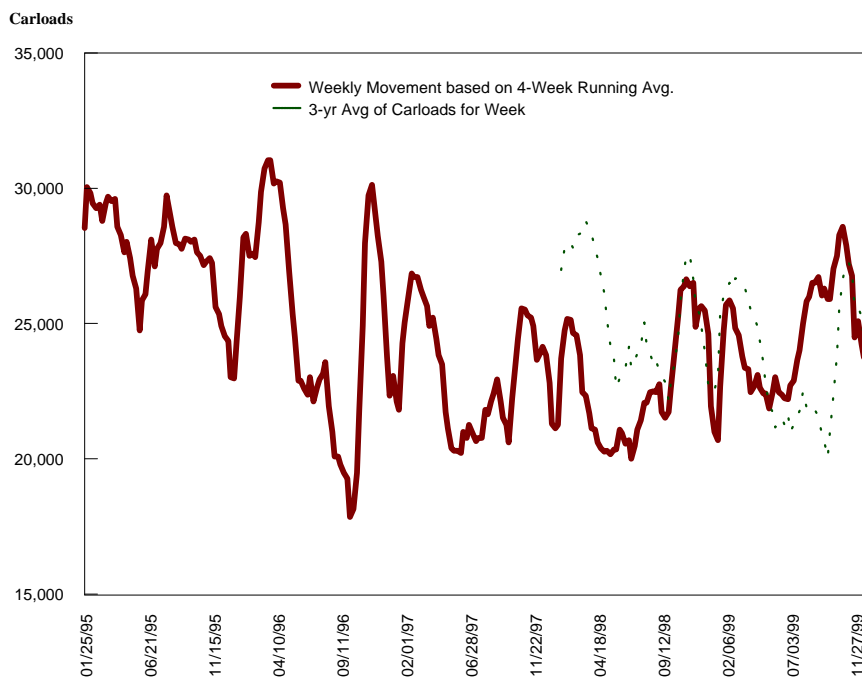
**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**

Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
12/18/99	24,916
12/25/99	19,203
01/01/00	18,628
Year to Date - 1999	1,270,375
Year to Date - 1998**	1,183,860
Total 1998**	1,183,860
Total 1997*	1,199,995

**1998 - 52 weeks

* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

Canoads									
			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
01/01/00	0	2,352	1,267	2,375	6,049	678	5,907	1,023	1,347
This Week Last Year	462	1,629	1,119	1,820	6,892	548	5,524	1,111	1,397
1999 YTD	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 YTD*	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: Association of American Railroads

**1998 - 52 weeks

* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

January 2000

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
01/03/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
01/03/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
01/03/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
01/03/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
01/03/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
01/03/00	31040	Corn	Minneapolis, MN	Portland, OR	\$2,800	\$30.86	\$0.78
01/03/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
01/03/00	31040	Corn	Omaha, NE	Portland, OR	\$2,415	\$26.62	\$0.68
01/03/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
01/03/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,815	\$31.03	\$0.84
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

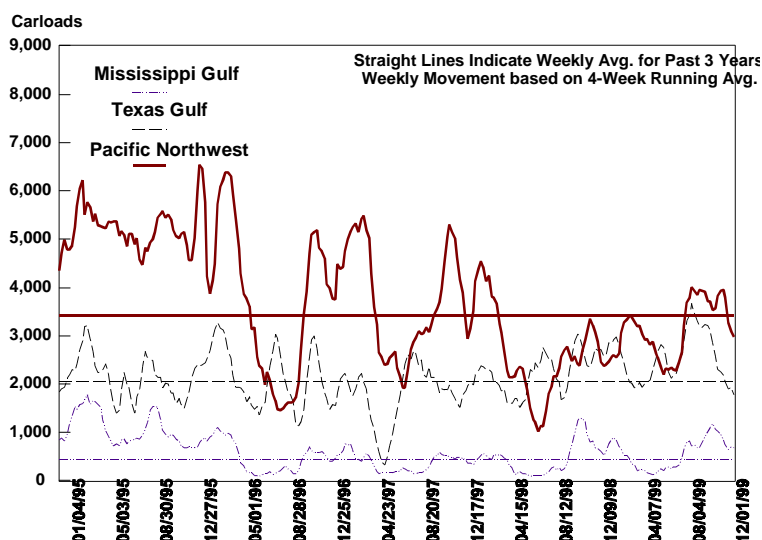
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

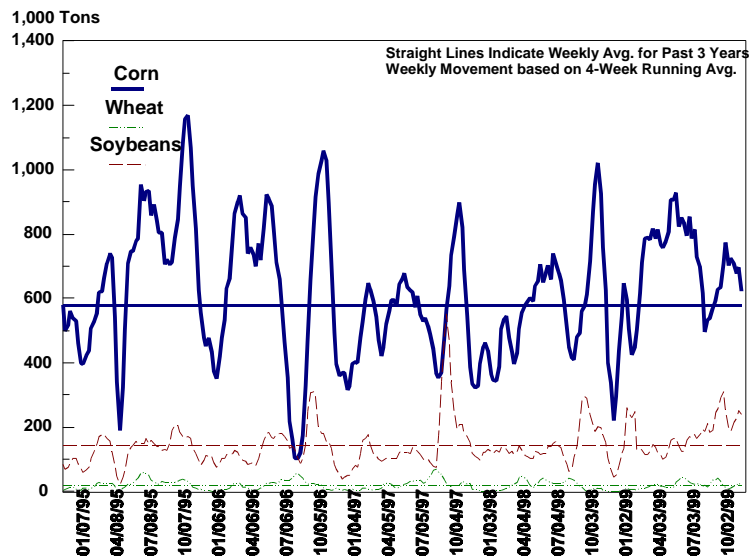
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
11/24/99	744	2,444	4,122	107
12/01/99	607	1,997	3,104	64
12/08/99	671	1,629	3,556	15
12/15/99	564	1,545	2,328	650
12/22/99	1,008	2,566	3,384	261
12/29/99	488	1,374	2,645	65
YTD 1999	30,066	132,008	161,382	14,446
YTD 1998	23,844	115,438	138,462	12,505
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port

Note: *Incomplete data

Barge Movements - Locks 27**Barge Grain Movements**

for week ending 1/1/00

	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	n/a	n/a	n/a	n/a
Winfield, MO (L25)	10	0	17	27
Alton, IL (L26)	452	3	162	627
Granite City, IL (L27)	470	3	162	646
Illinois River (L8)	405	3	116	533
Ohio (L52)	29	8	44	89
Arkansas (L1)	0	7	4	11
1999 YTD	36,711	2,883	9,771	51,887
1998 YTD	31,001	2,401	8,674	45,134
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
12/30/99	894	642	839	721	255	3,350	7,925	4,540	15,815
This Week Year Ago	1,461	154	895	541	228	3,278	7,811	4,231	15,320
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	7,280	2,514	3,375	2,326	563	16,059	17,017	11,095	44,171
98/99 YTD	6,541	1,282	4,112	3,726	482	16,143	15,501	17,713	49,357
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
01/06/00	227	129	63	122	585	441	50	0	13
1999 YTD	10,205	9,170	1,206	7,353	36,693	16,035	8,785	557	1,500
1998 YTD *	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392
% of Last Year	94%	210%	185%	146%	117%	107%	121%	99%	108%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service * YTD-Year-to-Date (*98 = 53 week period)

Select Canadian Ports - Export Inspections*

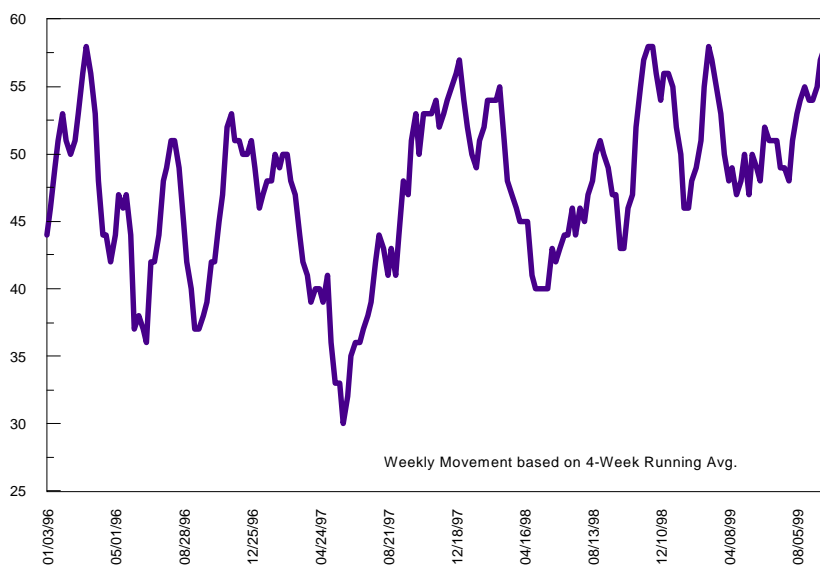
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 12/9/99			
Vancouver	1,817	436	242
Prince Rupert	1,132	0	41
Prairie Direct	358	134	109
Thunder Bay	468	193	146
St. Lawrence	1,449	698	0
1999 YTD Exports	5,224	1,461	538
1998 YTD Exports	4,250	1,205	270
% of Last Year	123%	121%	199%

Source: Canadian Grains Commission; *current data unavailable

YTD-Year-to-Date Crop Year 8/1-7/31

Vessels



**Gulf Region
Vessels Loaded
- Past 7 Days-**

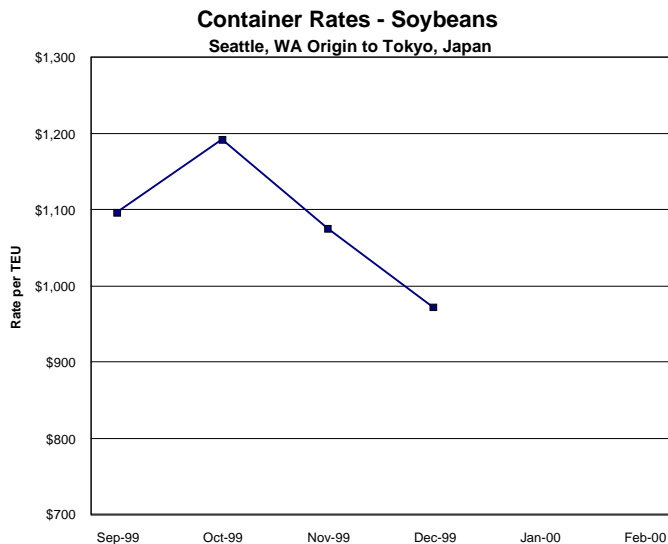
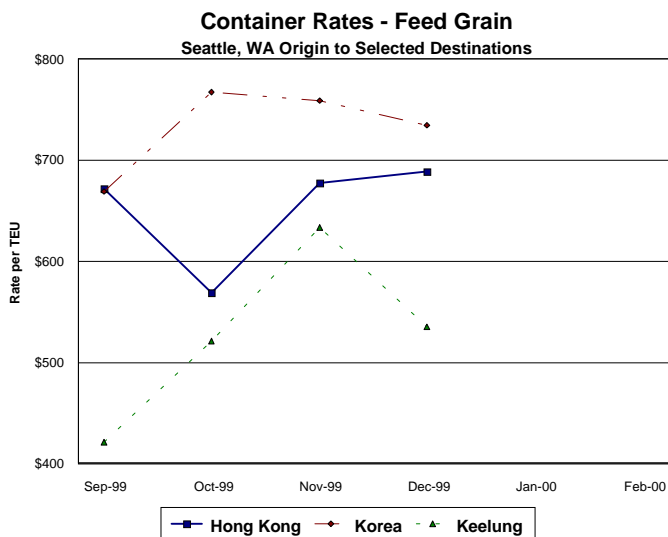
Port Region Ocean Grain Vessels

	Gulf*			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
12/30/99	15	42	34	10			8	11	2
01/06/00	38	39	64	10			12	7	1
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA; *12/30/99, Gulf region estimated

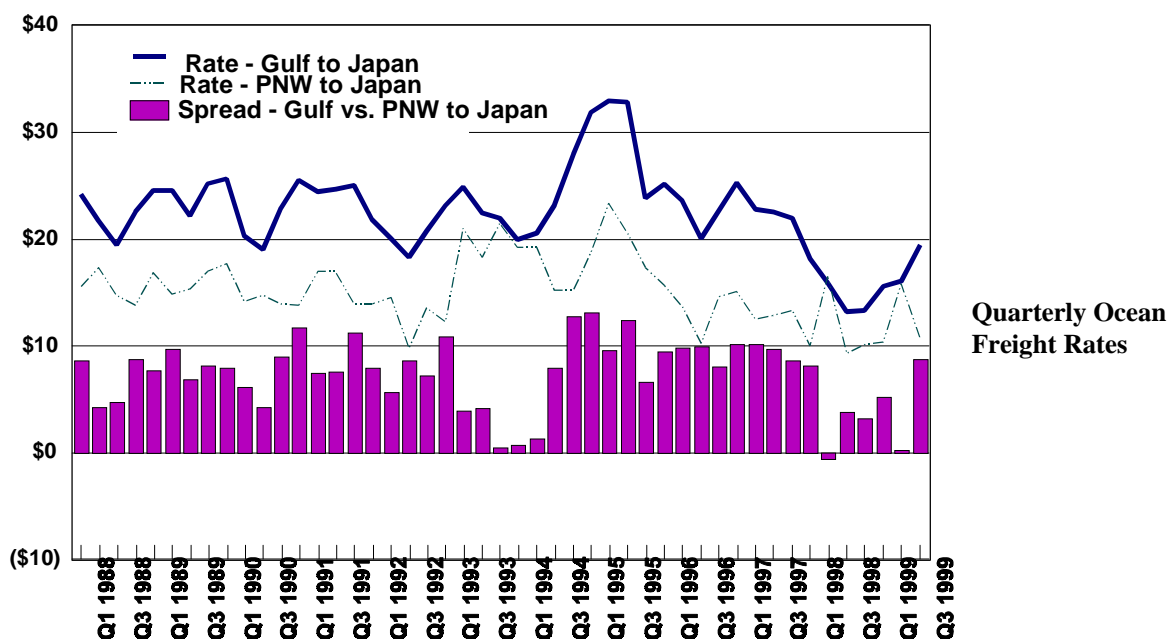
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



Source: Transportation & Marketing/AMS/USDA

US\$/Metric Ton

**Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 3 rd Qtr	1998 3 rd Qtr	% Change		1999 3 rd Qtr	1998 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.46	\$13.17	48%	Japan	\$10.71	\$9.35	15%
Mexico	\$14.97	\$16.33	-8%	Red Sea/ Arabian Sea			
Venezuela	\$12.64	\$10.30	23%				
N. Europe	\$13.31	\$8.85	50%	Argentina to			
N. Africa	\$18.20	\$13.87	31%	N. Europe	\$13.94	\$12.15	15%
				Japan	\$23.00	\$16.21	42%

Source: Transportation & Marketing/AMS/USDA

(*) rates shown are for metric ton (2,250 lbs.=one metric ton)

Ocean Freight Rates *(Select Locations) - week ending 1/8/00

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Europe	Grains	January	62,000	\$12.10
Gulf	Egypt (Med.)	Corn	January	63,000	\$13.50
Gulf	Djibouti (E. Africa)	Wheat Flour (Bagged)	January	2,680	\$245.00 (MT)
Gulf	Djibouti	Wheat Flour (Bagged)	January	5,280	\$254.00 (MT)
Long Beach	Korea	Rice (Bagged)	January	5,000	\$45.00
River Plate	Bangladesh	Wheat	Prompt	25,000	\$38.00
Rouen (France)	China	Barley	Prompt	25,000	\$20.75
Necochea	Africa	Wheat	Wheat	20,000	\$18.75

Source: Maritime Research Inc. (*) rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated.